

The complaint

Mr D has complained about the way AMERICAN EXPRESS SERVICES EUROPE LIMITED (“AmEx”) dealt with a claim for money back in relation to a holiday he paid for with credit it provided.

What happened

In October 2024, Mr D used his AmEx credit card to pay £5,034.19 for a holiday he’d booked through a booking agent I’ll refer to as B. The holiday was to take place from 24 October 2024 until 6 November 2024.

Prior to arriving at the resort, Mr D heard there was some construction works ongoing and had asked the hotel whether he’s holiday would be affected by this. He says he was assured it wouldn’t. But from 31 October 2024, until 6 November 2024 (when Mr D departed), he says there was significant ongoing construction work at the resort in the evening which caused substantial disruption to his holiday including having a large barge and trucks parked at the resort, limited access to the beach, and the noise disturbance was significant. He said he was told that the beach would be closed for works from 3pm until 11pm each night.

Mr D contacted the merchant to complain, seeking a full refund but when this was denied, in November 2024, he contacted AmEx for help. He said the holiday was not as described. AmEx asked for information twice and eventually attempted the chargeback, but this was successfully defended by B explaining it had already offered Mr D a partial refund for the impact the works had on his holiday. So, AmEx decided not to pursue the matter any further and closed his claim down.

Mr D repeatedly asked AmEx to reopen his dispute, as he wasn’t happy with the refund, and asked Amex to clarify what the refund covered as his claim was for more than just the impact the construction had on his access to the beach. He also asked AmEx to clarify why another party in his group had been refunded in full for the exact same dispute. AmEx simply repeated its response that he’d already had a partial refund so it could not progress the chargeback any further. It eventually issued a final response to Mr D’s complaint about its handling of the claim in February 2025.

Mr D decided to refer his complaint to the Financial Ombudsman. He re-iterated his earlier points. Our investigator looked into things and felt that as B had offered a partial refund, AmEx’s response to his chargeback claim wasn’t unfair. But they felt that when Mr D’s chargeback claim was declined, bearing in mind he was still unhappy, and that Mr D repeatedly raised concerns about his dispute, AmEx ought to have told Mr D about his rights under section 75 of the Consumer Credit Act 1974 (section 75). They felt Amex didn’t fully consider Mr D’s claim and this had delayed the consideration of his section 75 claim. They recommended AmEx now consider Mr D’s section 75 claim and also pay £200 compensation for the distress and inconvenience caused.

Mr D agreed with our investigators view. AmEx agreed to consider a section 75 claim but felt a compensation payment of £200 was disproportionate and offered to pay £100 instead.

Mr D did not accept AmEx's offer explaining that it had now been a year since he originally raised his concerns and had repeatedly chased AmEx for a full answer.

As the complaint couldn't be resolved, the complaint has been passed to me to make a final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Firstly, I'd like to reassure Mr D, and AmEx that I have considered all their concerns carefully, but I will only be dealing with the most salient parts of the complaint in this decision as I'm required to decide matters quickly and with minimum formality.

Whenever a consumer makes a claim for money back from their bank, businesses like AmEx have two potential ways to retrieve money back for consumers. A claim under chargeback and a claim under section 75. Initially, I'll consider the way AmEx dealt with Mr D's chargeback claim.

Chargeback

It may be helpful to explain that each credit card provider acts under specific chargeback rules that may be different with other credit scheme providers. Chargeback allows for a refund to be requested where money was paid using a plastic card in certain scenarios, such as when goods or services are defective or not as described. Chargeback is designed to be a simple process to settle complaints. The only matters to be considered are the rules set by the card scheme to which the consumer's card belongs, along with the facts of the case. It is not designed to settle complex disputes or to consider legal arguments.

Chargeback is time sensitive, and chargeback requests have to be raised within a specified time period, so it is common, whenever a dispute of this nature is raised, for this claim to be considered first. This is to see if a refund can be obtained swiftly without the need for a complex legal investigation. AmEx's role here is to look at Mr D's claim, see if he meets the conditions to raise a chargeback. Once a chargeback is attempted, it has to consider any defence submitted by a merchant in line with the rules before deciding whether to progress the matter any further.

Mr D claimed that the service was not as described, and AmEx considered the claim in accordance with the AmEx chargeback rules that apply. It attempted to raise the chargeback on his behalf, but this was defended by B, the merchant who explained that it had refunded £552.67 and £92.55 which it says amounted to 30% of the costs of 5 nights impacted by the disturbance. It referred to this as the beach enhancement compensation.

The rules do allow merchants to defend the claim on the grounds that a credit has already been made in response to a consumers dispute. Having further checked the rules, it seems that it's difficult to request any further refunds if the consumer hasn't cancelled the holiday. I appreciate Mr D says he couldn't cancel and make alternative plans as he was assured his holiday wouldn't be disturbed by the construction works, and he was already at the resort when the works began. But the rules do not appear to have any provisions for this.

Bearing in mind the facts of the case, I don't think the merchants defence was invalid or it isn't for example noticeably poor or lacking in credibility. I don't think based on the available evidence that AmEx acted unfairly by coming to the conclusion that Mr D's claim didn't have any further prospect of success so chose not to pursue it any further. Overall, like our

investigator, I don't think AmEx's response to the dispute was unreasonable under the scheme rules and I don't think Mr D has lost out because of anything AmEx might have done.

Overall service

Having said that I can see Mr D continually asked AmEx to consider his dispute more widely, and his claims was for more than concerns over not being able to access the beach in the evening. He also complained that a party in his group had been refunded in full, and he didn't understand why he wasn't. It doesn't look like these issues were addressed.

I think it would have been good service to explain to Mr D that given the refund obtained, under the rules, his claim likely wouldn't succeed. But he could raise a claim under section 75, where a more thorough and wider consideration of his dispute could be made. Given the amount of times Mr D asked for his full claim to be considered, I agree that AmEx failed to fully consider Mr D's dispute. AmEx is the expert and aware of the different avenues consumers have to claim, even if a consumer doesn't, and bearing in mind its standard practice with most financial businesses to automatically consider a chargeback claim first and then a section 75, I think the poor service has caused Mr D significant avoidable inconvenience and delay. While his claim is now under consideration, this is over a year since he raised his dispute. So, I don't think the £200 compensation recommended by our investigator is disproportionate.

I would, however, add that as explained by our investigator, each case is decided on its individual merits, and businesses are not obligated to offer all consumers refunds simply because they may have made a refund in another case. This service would only be able to consider Mr D's claim on its own merits and direct AmEx to offer a refund if we felt his specific claim had merit.

Overall, while I am satisfied that the conclusion AmEx reached in relation to Mr D's chargeback claim wasn't unreasonable, I do think it ought to have advised Mr D of his rights under section 75. I think the way it communicated with Mr D fell below a standard expected of a financial business and caused unnecessary delay and inconvenience to Mr D. So, it should pay him £200 compensation for this, in addition to considering his section 75 claim.

Mr D has recently contacted our investigator raising concerns over the way his section 75 claim is being handled. If Mr D remains unhappy with AmEx's response to his section 75 claim, he can complain about that and, if needed, refer the matter to this service in due course. But at this stage, I am unable to and haven't considered his concerns related to his section 75 claim as part of this complaint.

Putting things right

- To the extent not already done so, consider Mr D's section 75 claim.
- Pay £200 compensation for the trouble and upset caused with the way his dispute was handled

My final decision

For the reasons given above, I uphold this complaint in part. AMERICAN EXPRESS SERVICES EUROPE LIMITED must put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or

reject my decision before 5 February 2026.

Asma Begum
Ombudsman